

REMARKS/ARGUMENTS

This Amendment is in response to the Office Action mailed 5/11/2007. Claims 1-32 are pending in this application and are rejected. This response amends claims 1, 3, 9, 11, 17, 21, 23, 25, 29, and 31.

Objection to the Specification

The disclosure is objected to based on informalities pertaining to Rule 1.105 request for information. The specification has been amended to clarify any inconsistencies that may have been present. Amendments to the specification are fully supported and do not add new matter. Applicants therefore respectfully submit that the objection with respect to the specification should be withdrawn.

Rejection under 35 USC § 103, *Ramaswamy*

Claims 1-32 are rejected under 35 U.S.C. §103(a) as being unpatentable over *Ramaswamy et al* (U.S. Patent No. 6,006,202) (hereinafter "*Ramaswamy*"). Claim 1 is allowable as *Ramaswamy* does not teach or suggest each and every element of claim 1. For example, claim 1 recites in part a computer implemented method for calculating the hidden demand for the perishable consumer item at the outlet at an occurrence of a sellout, the method comprising the steps of:

determining a subset of sales values of the time series of sales values for the perishable consumer item at the outlet, the subset of sales values excluding the sales value at at least the occurrence of the sellout, **wherein the occurrence of the sellout is determined by comparing a sales value of the time series of sales values against a corresponding draw quantity of a time series of draw quantities;**

applying a statistical seasonal causal time series forecasting model of count data on the subset of sales values to determine a forecasted mean demand value for the perishable consumer item at the outlet at the occurrence of the sellout; and

estimating the hidden demand at the occurrence of the sellout using a single parameter probability distribution with a parameter assuming the forecasted mean demand value. (emphasis added).

Ramaswamy cannot render claim 1 obvious. *Ramaswamy* is directed to generating sensitivity information about the average lost sales and inventory levels of a lost-sale (R,s,S) inventory system with respect to the two decision variables s and S and a review period

fo inventory R.. *Ramaswamy* describes an algorithm that provides sensitivity of both average inventory levels as well as average lost sales with respect to changes in s and $q(q=S-s)$ for a lost-sale inventory simulation for any specified demand distribution. (*Ramaswamy*, col. 2, lines 13-26). Moreover, the reference teaches, Y_i =inventory position in period I , where inventory position refers to stock on hand plus on order; W_i =inventory level in period I , refers to physical stock on hand; K_i =Lost Sales in period I ; and D_i =randomly realized demand in period I . Furthermore, the **lost sales at the end of each period are $K_i = \max(0, D_i - W_i)$** . (*Ramaswamy*, col. 3, lines 7-32).

Ramaswamy fails to teach, "determining a subset of sales values of the time series of sales values for the perishable consumer item at the outlet, the subset of sales values excluding the sales value at at least the occurrence of the sellout, wherein the occurrence of the sellout is determined by comparing a sales value of the time series of sales values against a corresponding draw quantity of a time series of draw quantities," as is recited in claim 1. Even if, for purposes of argument, *Ramaswamy* teaches sellout by calculating lost sales by subtracting realized demand (D_i) from the inventory level (W_i), the reference does not teach or suggest "comparing a **sales value** of the time series of sales values against a corresponding **draw quantity** of a time series of draw quantities," as is claimed. It should be noted that the "realized demand" of *Ramaswamy* does not teach the "sales value" of claim 1. Accordingly, *Ramaswamy* does not teach the "determining the occurrence of the sellout within the observation period by comparing each sales value of the time series of sales values against each corresponding draw quantity of a time series of draw quantities," as recited in claim 1.

Moreover, *Ramaswamy* fails to teach "a **subset of sales values** of the time series of sales values," as is recited in claim 1. Although *Ramaswamy* describes K_i , these lost sales values are derived from the inventory level and realized demand, and thus does not include a subset of sales values. The office action suggests that K_i represents lost sales within time interval T from sales represented by variable Y_i . (Office Action, p. 7, item 11). However, K_i lost sales is not a subset of sales values of Y_i . It should be noted that Y_i represents stock on hand plus stock on order both of which represent inventory and neither of which represents sales.

Furthermore, *Ramaswamy* fails to teach, "applying a statistical seasonal causal time series forecasting model of count data on the subset of sales values," as recited in claim 1. Although *Ramaswamy* describes $K_i = \max(0, D_i - W_i)$ as representing lost sales, *Ramaswamy* fails to teach or suggest applying a demand forecasting model on the lost sales values K_i as is suggested. *Ramaswamy* describes using K_i for performance measurements and computing the sensitivity of the performance measurements with respect to s and q . (*Ramaswamy*, col. 3, lines 35-40). Accordingly, *Ramaswamy* does not teach "applying a statistical seasonal causal time series forecasting model of count data on the subset of sales values," as recited in claim 1. Thus, *Ramaswamy* cannot render claim 1 obvious. As claim 1 is allowable, dependent claims 2-8 are also patentable for at least the same rationale.

Applicants submit that independent claims 9, 17, and 25 also recite features that are not taught or suggested by *Ramaswamy* and should be allowable for at least the same rationale as discussed with respect to claim 1. Claims 10-16 depend from independent claim 9 and thus derive patentability at least therefrom. Claims 18-24 depend from claim 17 and thus derive patentability at least therefrom. Claims 26-32 depend from claim 25 and thus derive patentability at least therefrom. Applicants therefore respectfully request that the rejection with respect to the pending claims be withdrawn.

VI. Amendment to the Claims

Unless otherwise specified, amendments to the claims are made for purposes of clarity, and are not intended to alter the scope of the claims or limit any equivalents thereof. The amendments are supported by the specification and do not add new matter.

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CONCLUSION

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance and an action to that end is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 650-326-2400.

Respectfully submitted,

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